



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Application of San Diego Gas & Electric Company (U-902-E) for Adoption of an Advanced Metering Infrastructure Deployment Scenario and Associated Cost Recovery and Rate Design.

Application 05-03-015

**THE DIVISION OF RATEPAYER ADVOCATES' RESPONSE
TO THE MOTION OF SAN DIEGO GAS & ELECTRIC COMPANY
FOR LEAVE TO PROPOSE A CRITICAL PEAK PRICING RATE IN ITS
ADVANCED METERING INFRASTRUCTURE PROCEEDING,
APPLICATION 05-03-015**

Pursuant to Rule 45 of the Commission's Rules of Practice and Procedure, the Division of Ratepayer Advocates hereby responds to the motion of San Diego Gas & Electric Company (SDG&E) for leave to propose a critical peak pricing (CPP) rate in this proceeding. In general, DRA does not object to SDG&E's motion. However, DRA has some concerns.

1. Incorporating a default CPP tariff for large Commercial and Industrial ("C&I") customers three weeks before DRA's testimony is due presents complications. It may cause further delay of the AMI proceeding.

Different CPP rate designs for large C&I customers which were illustrative in SDG&E's testimony as opposed to the proposed rate designs in SDG&E's motion would have a significant affect on three chapters of SDG&E's testimony: Chapters 5, 6, & 14, as well as other related chapters (Chapters 2 and 15). SDG&E's illustrative CPP rate design for large C&I customers in the March 28, 2006 testimony was based on the CPP Phase II Settlement Agreement, which was rejected by the Commission in Decision 05-06-038.

The illustrative CPP rates in Chapter 14 and the participation rates in Chapter 5 are two of the main inputs for Chapter 6, Demand Response Benefits. Any changes in Chapter 6 would affect SDG&E's AMI business case summary in Chapter 2, AMI Business Vision and Chapter 15, AMI Revenue Requirement.

Based on SDG&E's representations in a telephone conference with DRA on June 8, 2006, DRA understands that SDG&E intended to submit a CPP rate design proposal for large C&I customers in this proceeding based on its original testimony in the CPP Phase II proceeding (A.05-06-017), which is different from the Settlement Agreement. Therefore, if the Commission grants SDG&E's motion, SDG&E would have to update its analysis for Chapter 5, AMI Marketing and Customer Programs, Chapter 6, as well as other affected chapters of its testimony.

DRA is loathe to have to once again raise the issue of timing, but under the circumstances, has no choice. DRA witnesses assigned these chapters would need additional time to review SDG&E's update testimony and workpapers. Under the current internal schedule, DRA's final draft testimony for its upper management review is due two weeks before the testimony mailing date. Obviously, leaving one week for DRA witnesses to review SDG&E's updated testimony, to send data requests, and to complete the draft testimony, is unrealistic and unfair. It is DRA's estimation that it needs a minimum of three additional weeks to perform the necessary analysis and discovery.

Many parties actively participated in the CPP Phase II proceeding and raised many issues regarding SDG&E's CPP rate design proposal. DRA was not actively involved in that proceeding, and although SDG&E has indicated that most of the discovery and analysis for CPP rates has already been performed, it is still new to DRA's analyst, especially in the context of this AMI proceeding. DRA believes that many of CPP Phase II proceeding participants are not actively participating in this proceeding. If the Commission grants SDG&E's motion, these parties should be notified and given sufficient time to serve testimony in this proceeding. This process may cause additional delays. In fact, the City of San Diego filed a response to SDG&E's motion, in which it

opposes it for various reasons, one of them being that this is an inappropriate proceeding, would take the case beyond its present scope, and that it would cause delay.

2. Implementing default CPP for large C&I customers does not require an AMI system.

In its motion, SDG&E states that “The AMI proceeding is the logical forum in which to consider CPP since this rate offering is integral to SDG&E’s AMI business case.” (page 2). SDG&E’s statement reflects the fact that SDG&E has included all of the demand response benefits from the default CPP rate design based on the Settlement Agreement in the CPP Phase II proceeding in its AMI business case. Whether SDG&E’s AMI business case should include all of the demand response benefits from the default CPP rate design for the large C&I customers is an issue that DRA is currently investigating. It is DRA’s understanding that all of SDG&E’s large C&I customers with demand over 200 kW already have hourly interval meters. SDG&E can implement the default CPP rates without an AMI system. DRA believes that in the CPP Phase II proceeding, it was the Commission’s intention to implement default CPP rates for large C&I customers without requiring SDG&E’s AMI system.

Therefore, although it is true that the Commission may be able to implement default CPP rates for large customers sooner in this proceeding than SDG&E’s next rate design proceeding, granting SDG&E’s motion to implement such a rate design in this proceeding may cause some unnecessary complications and delay of the schedule. The Commission should balance its objectives in considering SDG&E’s motion.

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Should the Commission grant SDG&E's motion, DRA respectfully requests that the present schedule be continued by a minimum of three weeks.

Respectfully submitted,

/s/ PAUL ANGELOPULO

By: _____

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June 23, 2006

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of “**THE DIVISION OF RATEPAYER ADVOCATES’ RESPONSE TO THE MOTION OF SAN DIEGO GAS & ELECTRIC COMPANY FOR LEAVE TO PROPOSE A CRITICAL PEAK PRICING RATE IN ITS ADVANCED METERING INFRASTRUCTURE PROCEEDING, APPLICATION 05-03-015**”

in **A.05-03-015** by using the following service:

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Executed in San Francisco, California, on the **23rd** day of **June, 2006**.

/s/ Rebecca Rojo

Rebecca Rojo

N O T I C E

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